Issued by AWE Limited on 28 July 2017

Quarterly Report

For the 3 months to 30 June 2017

HIGHLIGHTS

- Waitsia-3 appraisal well significantly exceeded pre-drill expectations - Kingia reservoir considerably thicker and better quality than predicted
- Waitsia-4 appraisal well, the last Waitsia appraisal well prior to FID, currently being drilled
- Positive results from these appraisal wells likely to lead to conversion of significant 2C Contingent Resources to 2P Reserves
- Waitsia Stage 2 pre-FEED complete – design competition phase of FEED commenced in June
- BassGas achieves compression startup ahead of time and under budget and production reaches nameplate capacity - MLE project now completed
- Marketing of uncontracted Casino gas, for delivery post February 2018, has commenced
- The sale of AWE's 42.5% interest in the Lengo gas project (Bulu PSC, Indonesia) has been approved by the Indonesian government triggering a payment of approximately $15 million to AWE in Q1 FY18

Above: Waitsia-3 appraisal well being drilled by Enerdrill Rig 3

CEO COMMENTS

"AWE ended the FY17 financial year on a very positive note with excellent results from the Waitsia-3 appraisal well, commencement of the design competition phase of FEED for Waitsia Stage-2, and the startup of compression at BassGas," said David Biggs, CEO and Managing Director.

"A solid June quarter operationally saw AWE achieve annual production of 2.8 mmboe and sales revenue of $103.6 million which was within our guidance range. Development expenditure for FY17 was slightly below guidance, but this was timing-related with drilling at Waitsia-4 not commencing until July. Exploration expenditure also remained low.

“Following the sale of Tui in the March quarter, AWE is now primarily a conventional gas producer active in Australia’s east coast and west coast domestic markets with good potential to improve realised gas prices.

“Appraisal work at Waitsia continued to enhance the outlook for Waitsia reserves and development potential. Waitsia-3 was drilled during the June quarter, confirming the southern extent of the Waitsia Field and revealing a substantially thicker Kingia reservoir with exceptional porosity and low levels of total inerts.

“Interestingly, gas was observed below the previously interpreted Gas Water Contact which could have positive implications for volumes across the rest of the field. It may also lead to new appraisal and exploration opportunities in other AWE permits in the onshore north Perth Basin.

“Waitsia-4 was spudded in July and is currently drilling ahead. This well is the last appraisal well to be drilled on Waitsia before we move to a FID. As previously foreshadowed, data from Waitsia-3 and Waitsia-4 will allow AWE to re-assess its estimated reserves and resources for the Waitsia Field. Based on the data reviewed to date, and subject to results from Waitsia-4, we consider further upgrades to Waitsia reserves are likely in the second half of 2017. Reservoir quality and well performance may also have an additional positive effect on Waitsia development costs, and AWE is finalising plans to flow test Waitsia-2, Waitsia-3 and possibly Waitsia-4 to gather further data.

“At the same time, we are pushing ahead with facilities design and gas marketing for Waitsia Stage 2. Pre-FEED was successfully completed and the project entered FEED in June with commencement of the design competition phase for the Stage 2 development. A shortlist of four bidders was selected to provide EPC and BOO contracting alternatives. This approach will allow the joint venture to assess and compare EPC and BOO delivery alternatives and more accurately establish capital costs. Waitsia gas marketing continues and discussions with a number of parties are progressing.

Key Indicators	**3 months to Jun 2017**	**3 months to Mar 2017**	**Qtr on Qtr Change**	**12 months to Jun 2017**	**12 months to Jun 2016[1]**	**YTD Change**
Net Production (mmboe)	0.6	0.7	-18%	2.8	3.5	-20%
Net Sales Volume (mmboe)	0.6	0.8	-28%	2.9	3.3	-13%
Sales Revenue [2] ($m)	16.8	32.6	-49%	103.6	126.5	-18%
Field Opex ($m)	9.2	18.3	-50%	62.4	67.4	-7%
Field EBITDAX ($m)	7.6	14.3	-47%	41.2	59.1	-30%
Average Oil Price [2] ($/bbl)	n/a	75.13	n/a	66.29	64.20	3%

Numbers are preliminary and unaudited and may not add due to rounding. Notes: 1. Production and financial data for prior periods has been adjusted to exclude operations discontinued or divested in FY16, specifically Sugarloaf and Cliff Head. For reported historic data, please refer to AWE’s FY16 Annual Report, Quarterly and Financial Reports. 2. Includes effective hedging where applicable.

Above: The Yolla-A platform (BassGas)

“At the end of June we announced the successful startup of compression on the Yolla-A platform and completion of the BassGas MLE project. Following a brief period of commissioning, production increased to nameplate capacity (approximately 67 TJ/d). The Operator continues to optimise compressor operation and we anticipate improved production from BassGas for FY18.

“Marketing of uncontracted gas from Casino, for the period post February 2018, has commenced.

“On AAL, work continued on integrating the G sand into the existing field development plan and this will result in FID being moved into the second half of CY 2018. In recent weeks, the oil price has reverted to a sub-$50/bbl range and AWE is working closely with the Operator to quantify what effects any changes to the POD, a lower oil price and revised FID schedule will have on reserves, capital requirements and project economics.

"Also in Indonesia, the sale of the Lengo gas project, located in the Bulu PSC, received government approval. On completion (expected in Q1 FY18), AWE will receive approximately $15 million with potential future payments on execution of gas sales agreements. This is the last major asset to be sold, although we will continue to streamline our portfolio by divesting low priority exploration blocks and permits where appropriate.

"The remainder of CY 2017 will be a very busy time for AWE with the start of gas marketing activity on the east coast and numerous significant milestones ahead for the Waitsia project in the west. Nonetheless, AWE remains firmly focused on its goals and priorities with the ultimate aim of generating value for our shareholders," Biggs concluded.

PRODUCTION & RESERVES

PRODUCTION

Production for the June quarter was 0.6 mmboe, 18% lower than the March quarter due to the sale of the Tui oil project and scheduled maintenance and activity associated with the hook-up and commissioning of compression at BassGas. Total production for FY17 was 2.8 mmboe which was in line with guidance. The ratio of gas to gas liquids production was 85:15 for the June quarter.

Production by Product	3 months to Jun 2017	3 months to Mar 2016	Qtr on Qtr Change	12 months to Jun 2017	12 months to Jun 2016[1]	YTD Change
Oil ('000 Bbls)[2]	n/a	89	-100%	386	789	-51%
Condensate ('000 Bbls) [2]	43	45	-4%	176	219	-19%
LPG (Tonnes)	3,235	4,017	-19%	14,638	19,101	-23%
Gas (TJ)	2,841	2,987	-5%	12,117	13,334	-9%
Total ('000 BOE)	**554**	**678**	**-18%**	**2,752**	**3,452**	**-20%**
Production by Project ('000 BOE)						
BassGas	294	313	-6%	1,221	1,497	-18%
Casino/Henry	125	149	-16%	645	805	-20%
Onshore Perth Basin	64	58	11%	269	360	-25%
Waitsia Stage 1A [3]	70	69	1%	230	0	n/a
Tui	n/a	89	-100%	386	789	-51%
TOTAL ('000 BOE)	**554**	**678**	**-18%**	**2,752**	**3,452**	**-20%**

Numbers may not add due to rounding. Notes: 1. Production data for prior periods has been adjusted to exclude operations discontinued or divested in FY16, specifically Sugarloaf and Cliff Head. For reported historic data, please refer to AWE's FY16 Annual Report, Quarterly and Financial Reports. 2. Oil and condensate production rounded to the nearest 1,000 barrels. 3. Waitsia Stage 1A commenced production in August 2016.

RESERVES AND RESOURCES

Other than production, there were no material changes to Reserves and Resources during the period. As part of its FY17 year end processes, AWE is reviewing its Reserves and Resources with particular focus on Waitsia, BassGas and AAL and will update the market before its year end results are released on 25 August.

FINANCIAL & CORPORATE

JUNE QUARTER

Sales volume for the June quarter was 0.6 mmboe, down 28% over the previous quarter primarily due to oil production ceasing following the Tui sale the previous quarter. Similarly, sales revenue for the June quarter, inclusive of final adjustments associated with the Tui sale, was $16.8 million, down 49% from $32.6 million in the March quarter as a result of there being no oil sales during the period. Sales revenue for FY17 totalled $103.6 million and was within the guidance range. The average blended gas price for the quarter was $4.40/GJ. Following the sale of Tui in the March quarter, there was no oil inventory.

Field Opex for the June quarter was $9.2 million, 50% lower than the March quarter following the Tui sale. Similarly, Field EBITDAX for the period was also lower at $7.6 million, down 47% consistent with the reduction in oil revenues.

Sales Revenue ($ million)	3 months to Jun 2017	3 months to Mar 2016	Qtr on Qtr Change	12 months to Jun 2017	12 months to Jun 2016[1]	YTD Change
Oil [2]	0.1	13.4	-100%	33.1	42.6	-22%
Condensate	2.3	2.6	-11%	9.4	12.1	-22%
Gas	12.6	13.5	-7%	52.8	61.4	-14%
LPG	1.8	3.1	-41%	8.2	10.3	-20%
Total Gas & Gas Liquids [3]	**16.7**	**19.2**	**-13%**	**70.5**	**83.9**	**-16%**
Total Sales Revenue	**16.8**	**32.6**	**-49%**	**103.6**	**126.5**	**-18%**

Numbers are preliminary and unaudited and may not add due to rounding. Notes: 1. Production and financial data for prior periods has been adjusted to exclude operations discontinued or divested in FY16, specifically Sugarloaf and Cliff Head. For reported historic data, please refer to AWE's FY16 Annual Report, Quarterly and Financial Reports. 2. Includes effective hedging where applicable. 3. Gas Liquids includes Condensate and LPG.

INVESTMENT EXPENDITURE

Development expenditure for the June quarter increased as expected to $13 million, up 306% compared to the previous quarter, split between Waitsia Pre-FEED, the Waitsia-3 appraisal well and BassGas MLE compression hook-up and commissioning costs. Exploration expenditure continued at reduced levels and totalled $0.9 million for the quarter. Total investment expenditure for FY17 was $43.7 million, well below the guidance range of $50 - $60 million. The lower level of investment was primarily due to timing of activity, such as Waitsia-4 appraisal drilling and BassGas MLE compression hook-up and commissioning costs, extending into FY18.

Investment Expenditure ($'000)	3 months to Jun 2017	3 months to Mar 2016	Qtr on Qtr Change	12 months to Jun 2017	12 months to Jun 2016[1]	YTD Change
Exploration and Evaluation	923	600	54%	3,233	18,755	-83%
Development	12,962	3,192	306%	40,515	94,048	-57%
Total	**13,885**	**3,792**	**266%**	**43,748**	**112,803**	**-61%**

Notes: 1. Financial data for prior periods has been adjusted to exclude operations discontinued or divested in FY16, specifically Sugarloaf and Cliff Head. For reported historic data, please refer to AWE's FY16 Annual Report, Quarterly and Financial Reports. Numbers are preliminary and unaudited and may not add due to rounding.

LIQUIDITY

At 30 June 2017, AWE was in a net debt position of $54.3 million, with cash of $12.8 million, drawn debt of $67.1 million, and undrawn facilities of $232.9 million.

The increased net debt position for the quarter, a movement of $6.9 million, reflects the higher levels of development activity at Waitsia (Waitsia-3 appraisal drilling and FEED) and BassGas (MLE compression hook-up and commissioning).

CORPORATE ACTIVITY

The sale of AWE's 42.5% interest in the Bulu PSC, including the Lengo gas project, to a subsidiary of HyOil Pte Ltd for up to $27.5 million has been approved by the Indonesian government and is expected to complete in the first quarter of FY18. Completion will trigger a payment of approximately $15 million to AWE with the potential for additional cash payments following the execution of gas sales agreements.

Completion of the BassGas MLE project in June triggered an additional cash payment to AWE of $2.5 million from joint venture partner Prize Petroleum which was received in July.

As previously advised, the sale of Tui was completed in February 2017. The sale is now estimated to generate a non-cash profit after tax of $35 million (unaudited), up from $27 million, due to foreign currency reserves released back into the profit account upon realisation of the sale.

On 19 June 2017, AWE received a proposal from Dawney & Co Pty Limited (Dawney) that it wished to acquire call options over shares in AWE for up to 19.99% of the shares in AWE. On 20 June, after reviewing the Dawney proposal, AWE advised shareholders that they should ignore the 'offer document' from Dawney and take no action in relation to it. Following involvement by ASIC, AWE understands that Dawney agreed not to supply the proposal to any AWE shareholder. Dawney subsequently withdrew the proposal.

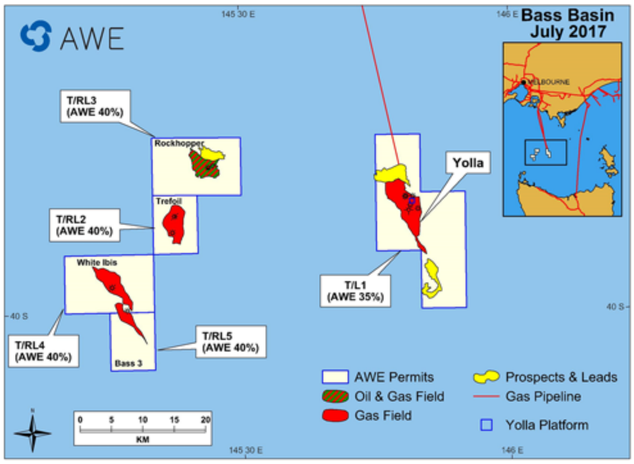
On 4 July 2017, AWE received a further proposal from Dawney with the same intention of acquiring call options over shares in AWE for up to 19.99% of shares in AWE. On 6 July, after AWE reviewed the further proposal, AWE again advised shareholders that they should ignore the 'offer document' from Dawney and take no action in relation to it. In addition, ASIC advised AWE that it continues to have concerns in relation to the further proposal and AWE understands that ASIC will take this up with Dawney.

OPERATIONS, EXPLORATION & DEVELOPMENT

SOUTH EAST AUSTRALIA

Bass Basin - BassGas Project (35%)

Gross production for the June quarter was down 6% over the previous quarter, largely due to work associated with commissioning of the compression module, and comprised 3.7 PJ of gas, 120,100 barrels of condensate and 9,200 tonnes of LPG. AWE's share was approximately 1.3 PJ of gas, 42,000 barrels of condensate and 3,200 tonnes of LPG. The average gross daily rate for the quarter, excluding planned downtime, was 40 TJ/d.



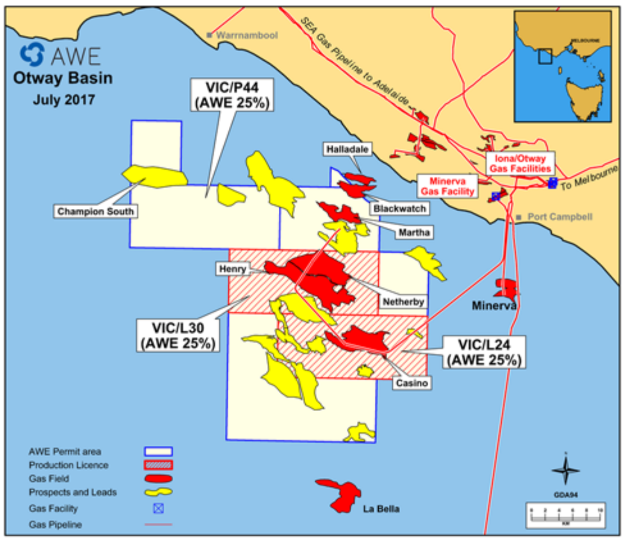
Hook-up and commissioning of the compression and condensate pumping modules on the Yolla-A platform was completed ahead of schedule and under budget in late June 2017. Gas production rates subsequently increased to nameplate capacity (approximately 67 TJ/d). Production in July is expected to be lower due to planned and unplanned maintenance activities at Lang Lang production facility and the Yolla-A platform.

Exploration

In T/RL2 (AWE 40%), the Operator continues to progress development concept studies for the Trefoil Field with seismic reprocessing and updated static and dynamic modelling of the reservoirs nearing completion.

Otway Basin - Casino Gas Project (25%)

Gross June quarter production for the Casino Gas Project decreased by 16% compared to the previous quarter, with 3.0 PJ of sales gas and 1,600 barrels of condensate. AWE's share of production was 0.8 PJ of sales gas and 400 barrels of condensate. The average gross daily rate for the quarter, excluding planned downtime, was 33 TJ/d.



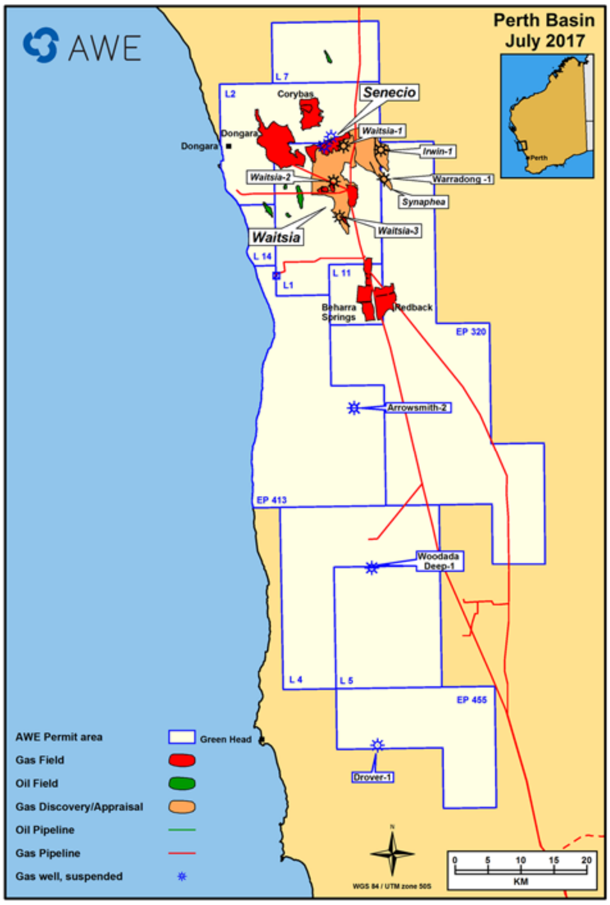
Production for the period was impacted by an 18 day planned maintenance period at the Iona Gas Plant during April and the shutting in of the Casino-5 well during April to address an anomalous annulus pressure reading. The Operator is planning a workover on Casino-5 in early 2018 to return it to production. During the shut-down of the Iona Gas Plant, subsea maintenance was undertaken on various backup control systems.

Marketing of uncontracted gas from Casino, for the period post February 2018, has commenced.

Exploration
In permit VIC/P44 (AWE 25%), the Joint Venture is planning new seismic inversion studies to de-risk prospects for a possible future exploration program. Applications have been submitted to renew retention leases over VIC/RL11 (Martha) and VIC/RL12 (Blackwatch) for a further five year period and are pending approval by the regulator.

WESTERN AUSTRALIA

Onshore Perth Basin –
Waitsia Gas Project (50%, Operator)
Gross production for the June quarter increased by 1% over the previous quarter and comprised 0.8 PJ of gas and 283 barrels of condensate. AWE's share was 0.4 PJ of gas and 142 barrels of condensate. The average daily rate for the quarter was 9.3 TJ/d.



Production from Waitsia Stage 1A continues to meet budgeted targets and reservoir performance remains excellent.

The Waitsia-3 appraisal well was drilled in May-June and confirmed the southern extension to the Waitsia field. The well was successfully drilled to a Total Depth of 3,612 m MDRT and strong gas shows were encountered across a 150 m gross interval including the Kingia and High Cliff Sandstone reservoir targets.

Preliminary interpretation of the Kingia reservoir shows excellent conventional reservoir qualities, among the best observed in the field to date, and considerably better than pre-drill estimates. The gross Kingia reservoir interval of 52 m contains 20 m of net gas pay with reservoir quality exceeding that intersected in Waitsia-1 and Waitsia-2. The Kingia net reservoir interval in Waitsia-3 is approximately double that observed in other wells in the field and confirms the laterally extensive nature of this excellent reservoir, which is particularly encouraging given the large step-out from previous wells. Two gas samples were recovered to surface from the Kingia reservoir and preliminary compositional analysis indicates total inerts are below 7%.

The High Cliff Sandstone reservoir interval was gas-bearing but thinner than predicted and preliminary analysis indicates a tight reservoir. No Gas-Water-Contact (GWC) was intersected in the well, however gas is observed to the base of the High Cliff Sandstone at 3,360 m TVDSS which is 10 m below the GWC previously interpreted over the rest of the Waitsia Field and may indicate substantial further upside in the field.

The Waitsia-4 appraisal well was spudded on 10 July 2017 and is forecast to take approximately five weeks in total to complete. The well is designed to appraise the gas potential in the eastern extension of the Waitsia Field, with primary targets being conventional reservoirs in the Kingia and High Cliff Sandstones. Waitsia-4 is the last appraisal well planned for the Waitsia Field in 2017.

Results from these appraisal wells will likely lead to conversion of significant 2C Contingent Resources to 2P Reserves.

In June, the Waitsia Joint Venture commenced the design competition phase of FEED for Stage 2 of the Waitsia Gas Project. The design competition for Waitsia Stage 2 facilities will include a gas plant capable of processing 100 TJ/d, CO_2 extraction, collection hubs and flow lines. This approach will allow the Joint Venture to establish a high degree of capital cost certainty and will also develop and compare EPC and BOO contracting models. The design competition will be followed by a commercial phase and AWE is targeting completion of all phases of FEED by the end of CY 2017, prior to achieving a FID (subject to finalising gas sale agreements).

Dongara, Corybas, Beharra Springs (33–100%, some Operated)
AWE's share of production from other Perth Basin assets, including Beharra Springs, was up 11% with 0.4 PJ of gas and 254 barrels of condensate. Production from Dongara and Corybas has ceased and both assets are being considered for transition to care and maintenance post technical review. AWE's program to decommission non-producing wells and rehabilitate well sites is continuing as planned and will continue over a number of years.

Exploration
In EP320 (AWE 33%), the Joint Venture has commenced planning of a 3D seismic programme to fulfil Permit Year 2 work commitments. The 3D survey will mature significant Waitsia-style prospects in the Kingia and High Cliff sandstones in the east of the permit.

In Production License L11 (AWE 33%), the Joint Venture is reviewing options for an exploration well to test the Beharra Deep prospect in the Kingia and High Cliff Sandstones directly beneath Beharra Springs Gas Field and close to existing processing facilities.

NEW ZEALAND

Taranaki Basin
Exploration
In onshore New Zealand permit PEP 55768 (AWE 51%, Operator), the Joint Venture continues to plan the Kohatukai-1 exploration well and a farmout process is underway.

INDONESIA

Northwest Natuna Sea -
Ande Ande Lumut (AAL) Oil Project (50%)
Field development optimisation studies are ongoing to incorporate results from the AAL-4XST1 appraisal well with a focus on assessing G sand resources. Laboratory work has been completed, confirming that co-mingled production of K sand and G sand oil is possible with no significant changes to the FPSO processing infrastructure.

The joint venture is now finalising new reservoir models to support an application to jointly develop the G sand and K sand reservoirs from field startup. This may require an amendment to the approved K sand POD and will result in FID being moved into the second half of CY 2018. Stage 2 commercial tenders remain on hold until this work is completed.

For more information please see our website www.awexplore.com or contact:

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ABOUT AWE LIMITED

AWE Limited is an independent, Australian energy company focused on upstream oil and gas opportunities. Established in 1997 and listed on the Australian Securities Exchange (ASX: AWE), the company is based in Sydney with a project office in Perth. AWE has a substantial portfolio of production, development and exploration assets in Australia, New Zealand, and Indonesia.

RESERVES CONSENT

The Reserves and Contingent Resources in this report are based on and fairly represent information and supporting documentation prepared by and under the supervision of qualified petroleum reserves and resource evaluator Mr Andrew Furniss, AWE General Manager Exploration and Geoscience and Dr. Suzanne Hunt, AWE General Manager WA Assets and Engineering. Mr Furniss, a member of the Society of Petroleum Engineers and the American Association of Petroleum Geologists, holds an MSc in Exploration Geophysics and a BSc (Hons) in Geological Sciences and has over 26 years' of industry experience in strategic planning, portfolio management, prospect evaluation, technical due diligence and peer review, reserves and resource assessment, the application of advanced geophysical technology and business development. Dr. Hunt, a Petroleum Engineer with a Ph.D. in Geomechanics, is a member of the Society of Petroleum

Engineers and has over 20 years' experience in the petroleum sector in geoscience, field development planning, reserves estimation, production and facilities engineering and 30 years in the resource sector generally. Mr Furniss and Dr Hunt have consented in writing to the inclusion of this information in the format and context in which it appears.

AWE reserves and contingent resources are estimated in accordance with the following:

- SPE/AAPG/WPC/SPEE Petroleum Resources Management System guidelines of November 2011;
- SPEE Monograph 3 "Guidelines for the Practical Evaluation of Undeveloped Reserves in Resource Plays";
- ASX Disclosure rules for Oil and Gas Entities, Chapter 5; and
- ASX Listing Rules Guidance Note 32.

AWE applied deterministic methods for reserves and contingent resource estimation for all assets. The reserves were estimated at the lowest aggregation level (reservoir) and aggregated to field, asset, basin and company levels. Estimated contingent resources are un-risked and it is not certain that these resources will be commercially viable to produce.

CONVERSION TABLES

Volume 1 cubic metre = 1 kilolitre = 35.3 cubic feet = 6.29 barrels 1 megalitre = 1,000 cubic metres	**Barrel of Oil Equivalents (BOE)** Sales Gas: 6PJ = 1 MMBOE LPG: 1 tonne = 11.6 BOE Condensate: 1 barrel = 1 BOE Oil: 1 barrel = 1 BOE
Energy Value 1,000 standard cubic feet of sales gas yields about 1.055 gigajoules (GJ) of heat 1 petajoule (PJ) = 1,000,000 gigajoules (GJ) 1 gigajoule = 947,817 British Thermal Units (BTU)	**Decimal Number Prefixes** kilo = thousand = 10^3 mega = million = 10^6 giga = 1,000 million = 10^9 tera = million million = 10^{12} peta = 1,000 million million = 10^{15}

GLOSSARY OF ABBREVIATIONS

2C	Contingent Resources	FPSO	Floating Production Storage and Offloading
2D	Two-dimensional	FY	Financial Year
2P	Proved and Probable Reserves	GWC	Gas Water Contact
3D	Three-dimensional	GJ	Gigajoules
AAL	Ande Ande Lumut oil project	JV	Joint Venture
ASIC	Australian Securities & Investments Commission	LPG	Liquefied Petroleum Gas
BOE	Barrels of Oil Equivalent	LTI	Lost Time Injuries
BOO	Build Own Operate	m	metres
Bbls	Barrels	MDRT	Measured Depth below Rotary Table
Bopd	Barrels of oil per day	MLE	Mid Life Enhancement project
CEO	Chief Executive Officer	mmboe	Million Barrels of Oil Equivalent
CY	Calendar Year	PJ	Petajoules
EBITDAX	Earnings before interest, tax, depreciation, amortisation and exploration expenses	POD	Plan of Development
		PSC	Production Sharing Contract
		PSDM	Pre-Stack Depth Migration
EPC	Engineering, Procurement, Construction	TJ	Terajoules
FID	Final Investment Decision	TVDSS	Total Vertical Depth Sub-Sea-level
FEED	Front End Engineering & Design		

Except where otherwise noted, all references to "$" are to Australian dollars.